

**CHAPTER NO. 152**

**HOUSE BILL NO. 3357**

**By Representative Ferguson**

**Substituted for: Senate Bill No. 3343**

**By Senator Davis**

AN ACT to establish the Roane Medical Center Hospital Authority.

WHEREAS, the hospital facility known as Roane Medical Center was created under the auspices of the City of Harriman pursuant to the City of Harriman Ordinance Number 525; and

WHEREAS, significant changes in the delivery of health care have occurred since the Harriman Hospital Association was created by the City of Harriman, Ordinance 525; and

WHEREAS, the operation and control of Roane Medical Center as part of the City of Harriman creates constraints on the ability of the hospital to respond to the changes and the delivery of health care; and

WHEREAS, the General Assembly finds that the operations of Roane Medical Center and related facilities will be enhanced if its governing body is reconstituted as a private act hospital authority as that term is used in the Private Act Hospital Authority Act of 1996, as codified in Tennessee Code Annotated, Title 7, Chapter 57, Part 6; and

WHEREAS the purpose of this act is to reconstitute the governing body of Roane Medical Center as the Board of Trustees of Roane Medical Center Hospital Authority, such to have the powers granted to Private Act Hospitals under the Private Act Hospital Authority Act of 1996; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. There is hereby created the Roane Medical Center Hospital Authority established for the purpose of operating Roane Medical Center and all other hospital, clinical, and health care facilities related thereto.

SECTION 2. Roane Medical Center Hospital Authority is a private act hospital authority as that term is used in the Private Act Hospital Authority Act of 1996, as codified in Tennessee Code Annotated, Title 7, Chapter 57, Part 6. All hospital, clinical and health care facilities operated as part of, or in conjunction with, Roane Medical Center, shall hereafter be operated and controlled by the Board of Trustees of Roane Medical Center Hospital Authority. The Roane Medical Center Hospital Authority shall have the right to use the name of Roane Medical Center and any other names adopted by its Board of Trustees.

SECTION 3. The current Board of Trustees of Roane Medical Center shall serve until their respective terms expire. The Board of Trustees of Roane Medical Center Hospital Authority shall be composed of seven (7) individuals elected or confirmed by the Harriman City Council as provided here. Except as otherwise provided below, the term of office of members of the Board of Trustees shall be four (4) years. Five (5) of the trustees shall be nominated by the Board of Trustees of Roane Medical Center Hospital Authority and confirmed by the Harriman City Council. One (1) of the trustees shall be

nominated and confirmed by the Harriman City Council. One (1) of the trustees shall be nominated by the Mayor of the City of Harriman and confirmed by the Harriman City Council; however, this trustee must be a member of the City Council at all times and should such trustee cease to be a member of the Council after election as trustee, the trustee's term of office as trustee shall automatically expire at the same time such trustee ceases to be a member of the Council, and the Mayor shall then nominate another council member to serve as trustee, it being mandatory that at least one (1) of the trustees shall at all times also be a member of the Harriman City Council. Two (2) of the trustees shall at all times be members of the active medical staff of Roane Medical Center.

SECTION 4. Notwithstanding the preceding section, the initial Board of Trustees of the Roane Medical Center Hospital Authority shall be those individuals who, as of the effective date of this act, are on the Board of Trustees of the Harriman Hospital Association pursuant to the City of Harriman Ordinance Number 525. These individuals shall continue to serve on the Board of Trustees of Roane Medical Center Hospital Authority until the dates their respective terms of office would have expired under the City of Harriman Ordinance Number 525.

SECTION 5. As soon as practicable after the effective date of this act, and annually thereafter, the Board of Trustees of Roane Medical Center Hospital Authority shall elect the following officers: a chairman or president; a vice president; a secretary; and a treasurer.

SECTION 6. A member of the Board of Trustees of Roane Medical Center Authority may be removed for cause by a two-thirds (2/3) vote of the Harriman City Council.

SECTION 7. The Board of Trustees shall hold regular meetings on the date or dates it shall establish. Five (5) members of the Board of Trustees shall constitute a quorum for the transaction of business, and any action taken at a meeting of the Board shall be by majority vote, a quorum being present. As soon as practicable after the effective date of this act, the Board of Trustees shall promulgate the rules under which it will operate.

SECTION 8. The Board of Trustees shall have the responsibility and the authority to control and operate the hospital, clinical and health care facility known as Roane Medical Center and as otherwise described herein; to receive all revenues derived from such facilities, and any donations or grants; to disburse all such monies to discharge the financial obligations related to the facilities described in this act and otherwise as determined by the Board of Trustees; to determine the compensation and employee benefits for persons employed at facilities operated by the Roane Medical Center Hospital Authority; to exercise the powers granted to private act hospital authorities under the Private Act Hospital Authority Act; to make contracts for goods and services; to establish policies, rules and regulations governing the operation of such hospital, its uses and management; to regulate admissions to such hospital, clinical, and health care facilities and establish reasonable rates and charges for the services rendered by such facilities; and to collect and receive the same. Unless and until they are subsequently amended by the Board of Trustees of Roane Medical Center Hospital Authority, the rules and regulations existing on the effective date of this act relating to the operation of Roane Medical Center, including, without limitation, medical staff bylaws, shall continue with full force and effect.

SECTION 9. The Roane Medical Center Hospital Authority created by this act is a quasi-municipal corporation, independent of the City of Harriman, and it is not an arm or agent of the City of Harriman. As of the effective date of this act, the Roane Medical

Center Hospital Authority shall have sole and complete authority to operate and control the facilities of Roane Medical Center, including hospital, clinical and health care facilities associated therewith. The ownership of Roane Medical Center Hospital Authority, its real estate and improvements shall remain the property of the City of Harriman, provided that the City of Harriman and Roane Medical Center Hospital Authority may subsequently determine by mutual agreement that ownership of some or all of such property should be transferred to the Roane Medical Center Hospital Authority. As of the effective date of this act, subject to the approval of any applicable licensing or other regulatory authority and upon obtaining the appropriate licenses pursuant to such approval, all tangible personal property, licenses, permits, provider numbers and working capital, including cash, accounts receivable and the future revenues of Roane Medical Center are the sole property of Roane Medical Center Hospital Authority, except to the extent that such funds/revenues of Roane Medical Center are pledged and required to fund bond obligations of the City of Harriman in existence as of the effective date of this act, which bond obligations are directly related to the improvement of the real estate, and improvements thereon, of Roane Medical Center.

SECTION 10. All individuals employed at Roane Medical Center shall continue to be employees of the City of Harriman, unless the City of Harriman and Roane Medical Center Hospital Authority determine by mutual agreement that such individuals should become employees of Roane Medical Center Hospital Authority. In the event that persons employed at Roane Medical Center become employees of Roane Medical Center Hospital Authority, then the Roane Medical Center Hospital Authority is authorized to take action necessary to ensure that persons who the Authority employs do not incur any diminution of vested retirement benefits.

SECTION 11. The Board of Trustees of Roane Medical Center Hospital Authority shall prepare and submit to the Harriman City Council financial statements and other reports as may be required by the Council. The Harriman City Council shall have the authority to inquire into the operation of the hospital facilities and to have access to and examine the business records of Roane Medical Center during regular business hours.

SECTION 12. Prior to any sale or lease, or other transfer of assets, either real or personal, such transactions shall require the approval of the Board of Trustees and the Harriman City Council. However, excluded from such sales or leases, are those such transactions that occur in the normal course of business as is currently being pursued at Roane Medical Center at the time of this act. Such transfers or leases consist of, but are not limited to, sale of surplus property, and/or the leasing of hospital facilities to physicians, therapists or other medically-related fields.

SECTION 13. Upon the effective date of this act, Ordinance Number 525 of the City of Harriman shall be null and void.

SECTION 14. This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the Legislative Body of the City of Harriman. Its approval or nonapproval shall be proclaimed by the presiding officer of the Legislative Body and certified to the Secretary of State.


SECTION 15. For the purpose of approving or rejecting the provisions of this act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective as provided in Section 14.

**PASSED: June 6, 2000**

  
JIMMY RAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

APPROVED this 14<sup>th</sup> day of June 2000

  
DON SUNDQUIST, GOVERNOR